

Message Text

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USDOC FOR HORRIDGE

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TAGS: BEXP, RP

SUBJ: PROCESS CONTROLS USA -- ACROPRINT TIME RECORDER

REF: HORRIDGE MEMO OF 1/9/75 WITH LITERATURE

1. SIZE OF MARKET

RE INQUIRY IN MEMO, MARKET FOR TIME RECORDERS IN CURRENTLY SATURATED WITH FOUR US BRANDS, (CINCINNATI, SIMPLEX, STROMBERG, AND LATHENS); 3 JAPANESE BRANDS (AMANO, MARUZEN, AND SEIKO); 2 GERMAN BRANDS (BENZING AND IZGUZ), AND THE BRITISH BRAND OF ITR. HOWEVER, THE MOST POPULAR AND SALEABLE BRANDS ARE CINCINNATI, SIMPLEX, AMANO AND ITR. IN 1973 SALES TOTALLED \$111,456.

2. IMPORT MARKET

THERE IS NO DOMESTIC PRODUCTION OF TIME RECORDING APPARATUS. IN 1973 IMPORTS ESTIMATED AT \$98,870, 51.1 PERCENT ABOVE 1972 FIGURE OF \$65,425. \$12,586 WORTH OF PARTS OF TIME RECORDING DEVICES WERE IMPORTED IN SAME YEAR, UP BY 66.6 PERCENT OVER 1972 VALUE OF \$7,555. U.S. AND JAPAN WERE DOMINANT SUPPLIERS WITH A MARKET SHARE OF 57 PERCENT OR \$56,279 AND 24.6 PERCENT OR \$24,298 RESPECTIVELY. JAPANESE WERE MAJOR SUPPLIERS OF PARTS WITH SHARE OF 79 PERCENT. UNITED STATES

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SUPPLIED BALANCE WITH \$2,632 WORTH OF PARTS, OR 21 PERCENT.

3. MARKET CHARACTERISTICS

DUTY ON TIME RECORDING APPARATUS IS 30 PERCENT AD VALOREM. IMPORTERS MARK UP 50 PERCENT OF LANDED COST. AN ADVANCE SALES TAX OF 40 PERCENT IS ALSO LEVIED ON ALL IMPORTS. AGENTS OF U.S. COMPANIES INTERVIEWED OPINED THAT THEIR MARGIN OF PROFIT IS QUITE SMALL (5 PERCENT). THEY NORMALLY SHOULD TARGET 150 PERCENT GROSS PROFIT IN ORDER TO ACQUIRE 15 PERCENT NET PROFIT, BUT DUE TO STIFF COMPETITION AND LOWER PRICES OFFERED BY JAPANESE AND EUROPEAN SUPPLIERS, THEY ONLY GROSS 100 PERCENT.

4. RECOMMENDATION

ACRO-PRINT TIME RECORDER CO.'S CHANCES OF GETTING INTO THE MARKET APPEAR DIM. ITS PRICE QUOTATIONS FOR MODELS 125, 150, P150 AND 200 ARE 20 TO 25 PERCENT HIGHER THAN SIMPLEX AND CINCINNATI AND ABOUT 35 PERCENT TO 40 PERCENT HIGHER THAN JAPANESE BRANDS. MOREOVER, QUANTITY DISCOUNTS OFFERED BY ACRO ARE LOWER THAN THOSE OFFERED BY OTHER U.S. BRANDS. AS MENTIONED EARLIER, TIME RECORDERS ALONE ARE HARD TO PUSH AND ACRO, WE BELIEVE, OFFERS ONLY TIME RECORDERS. IT WOULD TAKE A VERY STRONG AND AGRESSIVE SALES ORGANIZATION TO INTRODUCE AND PUSH ACRO'S PRODUCT LINE, NOT TO MENTION AVAILABILITY OF GOOD SERVICE AND MAINTENANCE FACILITY.
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